

## **Appendix VII Test 6**

### **Great Atomic Pyrotechnics & Designs, Inc**

Schedules tested within Form 20S:

Schedule A  
Schedule E  
Schedule F  
Schedule G  
Schedule H  
Schedule K  
Other Information

Required Attachments:

AL8453C.pdf  
OtherSeparatelyStatedItems.pdf  
EmployerEducationCredit.pdf  
CoalTaxCredit.pdf  
ALScheduleK-1.pdf  
Federal1120S.pdf



## S Corporation Information/Tax Return

For the year January 1 – December 31, 2006, or other tax year beginning 01/01/, 2006, ending 11/30, 2006

## ► Important

Check  
applicable  
box:☐ Initial  
Return☒ Final  
Return☐ Amended  
Return

FEDERAL BUSINESS CODE NUMBER

► 325100

FEDERAL EMPLOYER IDENTIFICATION NUMBER

► 11-0000006

NAME

► Great Atomic Pyrotechnics &amp; Designs, Inc.

ADDRESS

► 36 Any Street

CITY, STATE, COUNTRY (IF NOT U.S.)

► Boomtown, CA

9-DIGIT ZIP CODE

► 90062-0000

STATE OF INCORPORATION

DE

NATURE OF BUSINESS

Construction

DATE QUALIFIED IN ALABAMA

08/01/2002

CHECK IF THE CORPORATION OPERATES

IN MORE THAN ONE STATE. ☐

IF YOU FILED A RETURN FOR 2005 AND THE ABOVE

NAME AND ADDRESS IS DIFFERENT, CHECK HERE. ☐

## Data Summary

Total federal income  
465,234Total federal deductions  
395,777Total assets as shown on Form 1120S  
498,034Alabama Apportionment Factor from  
Schedule C, line 25  
100.0000

CN

UNLESS A COPY OF FORM 1120S IS ATTACHED, THIS RETURN IS INCOMPLETE

## SCHEDULE A – Computation of Separately Stated and Nonseparately Stated Income / Tax

	1	Federal Ordinary Income or (Loss) from trade or business activities. . . . .	1	69,457	00
		<b>Reconciliation to Alabama Basis (see instructions)</b>			
Adjustments to Federal Ordinary Income (Loss)	2	Net short-term and long-term capital gains – income or (loss). . . . .	2	0	00
	3	Salaries and wages reduced for federal employment credits. . . . .	3	(	0 00 )
	4	State and local net income taxes paid/refund. . . . .	4	0	00
	5	Net income or (loss) from rental real estate activities. . . . .	5	0	00
	6	Net income or (loss) from other rental activities. . . . .	6	0	00
	7	Net gain or (loss) under I.R.C. §1231 (other than casualty losses). . . . .	7	0	00
	8	Depreciation on I.R.C. §179 property placed in service prior to 1990. . . . .	8	(	0 00 )
	9	Other reconciliation items (attach schedule). . . . .	9	0	00
	10	Net reconciling items (add lines 2 through 9). . . . .	10	0	00
	11	Net Alabama nonseparately stated income or (loss) (add line 1 and line 10). . . . .	11	69,457	00
		<b>Separately Stated Items (Related to Business Income)</b>			
Tax Due, Payments, and Credits	12	Contributions. . . . .	12	(	0 00 )
	13	Oil and gas depletion. . . . .	13	(	0 00 )
	14	I.R.C. §179 expense deduction. . . . .	14	17,545	00
	15	Casualty losses. . . . .	15	(	0 00 )
	16	Portfolio income less expenses (complete Schedule K). . . . .	16	0	00
	17	Other separately stated items (attach schedule). . . . .	17	306,653	00
	18	Net separately stated items (add line 12 through 17). . . . .	18	289,108	00
	19	Total separately stated and nonseparately stated items (add line 11 and line 18). . . . .	19	358,565	00
	20	Nonseparately Stated Income Allocated and Apportioned to Alabama from Schedule E, line 7. . . . .	20	69,457	00
	21	ALABAMA INCOME TAX (see instructions and attach schedule). . . . .	21	0	00
	22	Tax Payments, Credits, and Deferrals:			
		a. 2006 estimated tax payments and amounts applied from 2005 return. . . . .	22a	0	00
		b. Payments made with extension (see instructions). . . . .	22b	0	00
		c. Payments prior to amendment (original return or Department adjustment). . . . .	22c	0	00
		d. Tax credits (from line 3, Schedule G) (see instructions). . . . .	22d	40,245	00
	e. Total payments (add lines 22a, 22b, 22c, 22d). . . . .	22e	40,245	00	
23	NET TAX DUE (subtract line 22e from line 21). . . . .	23	0	00	
24	OVERPAYMENT (subtract line 21 from line 22e). . . . .	24	40,245	00	
	a. Amount to be credited to 2007 estimated tax. . . . .	24a	40,245	00	
	b. Amount to be refunded. . . . .	24b	0	00	
25	Penalties (see instructions). . . . .	25	0	00	
26	Interest due (Internal Revenue Code rate from unextended due date). . . . .	26	0	00	
27	TOTAL AMOUNT DUE (add lines 23, 25, and 26). . . . .	27	0	00	
28	AMOUNT REMITTED WITH THIS RETURN. . . . .	28	0	00	
	a. If payment made through Electronic Funds Transfer (EFT) check this box. <input type="checkbox"/>				

**SCHEDULE B – Allocation of Nonbusiness Income, Loss, and Expense**

Identify by account name and amount all items of nonbusiness income, loss, and expense removed from apportionable income and those items which are directly allocable to Alabama. Adjustment(s) must also be made for any proration of expenses under Alabama Income Tax Rule 810-27-1-4-.01, which states, "Any

allowable deduction that is applicable to both business and nonbusiness income of the taxpayer shall be prorated to each class of income in determining income subject to tax as provided..." (See instructions).

DIRECTLY ALLOCABLE ITEMS	ALLOCABLE GROSS INCOME / LOSS		RELATED EXPENSE		NET OF RELATED EXPENSE	
	Column A Everywhere	Column B Alabama	Column C Everywhere	Column D Alabama	Column E Everywhere (Col. A less Col. C)	Column F Alabama (Col. B less Col. D)
Nonseparately stated items						
1a						
1b						
1c						
1d Total (add lines 1a, 1b, and 1c)						
Separately stated items						
1e						
1f						
1g						
1h Total (add lines 1e, 1f, and 1g)						

**SCHEDULE C – Apportionment Factor Schedule**

TANGIBLE PROPERTY AT COST FOR PRODUCTION OF BUSINESS INCOME	ALABAMA		EVERYWHERE	
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
1 Inventories				
2 Land				
3 Furniture and fixtures				
4 Machinery and equipment				
5 Buildings and leasehold improvements				
6 IDB / IRB property (at cost)				
7 Government property (at FMV)				
8				
9				
10 Less construction in progress (if included above)				
11 Totals				
12 Average owned property (BOY + EOY ÷ 2)				
13 Annual rental expense for this year		x8 =		x8 =
14 Total average property .....		14a		14b
15 Alabama property factor 14a ÷ 14b = Line 15 .....				15 ▶ %

SALARIES, WAGES, COMMISSIONS & OTHER COMPENSATION RELATED TO THE PRODUCTION OF BUSINESS INCOME	16a ALABAMA	16b EVERYWHERE	16c
16 Alabama payroll factor 16a ÷ 16b = 16c .....			▶ %

SALES	ALABAMA	EVERYWHERE	
17 Destination sales (see instructions)			
18 Origin sales (see instructions)			
19 Total gross receipts from sales			
20 Capital and ordinary gains gross proceeds			
21 Interest			
22 Rents			
23 Other (Federal 1120S, line )			
24 Alabama gross receipts factor 24a ÷ 24b = 24c .....	24a	24b	24c ▶ %
25 Sum of lines 15, 16c, and 24c ÷ 3 = ALABAMA APPORTIONMENT FACTOR (enter here and on line 4, Schedule E) .....			25 ▶ %

In accordance with Alabama Income Tax Regulation Number 810-27-1-4-.09, if a factor on line 15, 16c, or 24c is zero, the factor shall be eliminated and the denominator reduced accordingly.

**SCHEDULE D – Apportionment of Federal Income Tax**

1	Enter the federal income tax from Federal Form 1120S .....	1		00
2	Enter the Alabama income from line 7, Schedule E below, if applicable. (If corporation operates exclusively in Alabama, do not complete lines 2-8.) .....	2	69,457	
3	Apportionment of separately stated items <b>3a</b> 289,108 <b>3b</b> x 100.0000 % =	3c	289,108	
	Enter in line 3a the amount from line 18, Schedule A			
4	Separately stated items allocated to Alabama (line 1h, Column F, Schedule B) .....	4	0	
5	Total (add lines 2, 3c and 4) .....	5	358,565	
6	Adjusted total income (add line 19, Schedule A to line 1h, Column E, Schedule B) .....	6	358,565	
7	Federal income tax apportionment factor (line 5 divided by line 6) .....	7	100.0000 %	
8	Federal income tax apportioned to Alabama (multiply line 1 by the percent on line 7) .....	8		00

**SCHEDULE E – Apportionment and Allocation of Income to Alabama**

1	Net Alabama nonseparately stated income or (loss) from line 11, Schedule A .....	1	69,457	00
2	Nonseparately stated (income) or loss treated as nonbusiness income (line 1d, Column E, Schedule B) – please enter income as a negative amount and losses as a positive amount .....	2	0	00
3	Apportionable income or (loss) (add line 1 and line 2) .....	3	69,457	00
4	Apportionment ratio from line 25, Schedule C .....	4	100.0000%	
5	Income or (loss) apportioned to Alabama (multiply amount on line 3 by percent on line 4) .....	5	69,457	00
6	Nonseparately stated income or (loss) allocated to Alabama as nonbusiness income (Column F, line 1d, Schedule B) .....	6	0	00
7	Nonseparately Stated Income Allocated and Apportioned to Alabama (add lines 5 and 6). Also enter this amount on line 2, Schedule D; line 20, Schedule A; and line 1, Schedule K .....	7	69,457	00

**SCHEDULE F – Alabama Accumulated Adjustments Account**

1	Beginning balance (prior year ending balance) .....	1	50,000	00
2	Net Alabama nonseparately stated income or (loss) (line 11, Schedule A) .....	2	69,457	00
3	Net separately stated items (line 18, Schedule A) .....	3	289,108	00
4	Federal income tax deduction (line 1, Schedule D) .....	4	0	00
5	Separately stated nonbusiness items (line 1h, Column E, Schedule B) .....	5	0	00
6	Other additions/(reductions) (Do not include tax exempt income and related expenses) .....	6	486	00
7	Less distributions .....	7	35,987	00
8	Ending balance (total appropriate lines) .....	8	445,038	00

**SCHEDULE G – Tax Credits (Caution – See Instructions)**

1	Employer Education Tax Credit .....	1	18,729	00
2	Coal Credit .....	2	21,516	00
3	TOTAL (add lines 1 and 2). Enter here and on line 22d, Schedule A .....	3	40,245	00

**SCHEDULE H – The Following Information Must Be Entered For This Return To Be Considered Complete**

1 Indicate tax accounting method used: ☐ Cash ☐ Accrual ☒ Other

2 Briefly describe your Alabama operations: Construction/Pyrotechnics

3 Enter this company's Alabama Withholding Tax Account No.: 0000024567

4 Person to contact for information concerning this return:

Name Carmen Sandiego

Telephone Number ( 202 ) 555-1212

5 Location of the corporate records: 36 Any Street, Boomtown, CA 90062

6 Check if an Alabama business privilege tax return was filed for this entity: ☒

7 If the privilege tax return was filed using a different FEIN, please provide the name and FEIN used to file the return:

FEIN:

NAME:

**SCHEDULE K – Distributive Share Items**

	Federal Amount	Apportionment Factor	Alabama Amount	Enter on Alabama Schedule K-1
<b>1</b> Alabama Nonseparately Stated Income (Schedule E, line 7) .			69,457	Part III, Line M
<b>Separately Stated Items:</b>				
<b>2</b> Contributions .....			0	Part III, Line S
<b>3</b> Oil and gas depletion .....			0	Part III, Line Z
<b>4</b> I.R.C. §179 expense deduction .....			17,545	Part III, Line O
<b>5</b> Casualty losses .....			0	Part III, Line W
<b>6</b> Portfolio income .....			0	Part III, Line Q
<b>7</b> Interest expense related to portfolio income .....			0	Part III, Line P
<b>8</b> Other expenses related to portfolio income (attach schedule) .....			0	Part III, Line R
<b>9</b> Other separately stated business items (attach explanation) .			306,653	Part III, Line T
<b>10</b> Separately stated nonbusiness items (attach schedule) .....			0	Part III, Line AA
<b>11</b> Composite payment made on behalf of owner/shareholder ..			0	Part III, Line U
<b>12</b> U.S. taxes paid (attach explanation) .....			0	Part III, Line V
<b>13</b> Alabama exempt income (attach explanation) .....			0	Part III, Line AB
<b>Transactions with Owners:</b>				
<b>14</b> Property distributions to owners .....			35,987	Part III, Line X

☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

**Under penalties of perjury**, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please  
Sign  
Here

**Signature** *Carmen Sandiego* **Date** 01/25/2007 **Daytime Telephone No.** ( 202 ) 555-1212 **Social Security No.** 999 : 06 : 0100

Paid  
Preparer's  
Use Only

**Preparer's Signature** *Johnny Appleseed* **Telephone No.** ( 512 ) 555-1212 **Date** 01/20/2007 **Preparer's Social Security No.** 999 : 06 : 0007

**Firm's Name (or yours if self-employed) and address** Electronic Tax Filers, Inc.  
100 Efile Dr., Anytown, TX 78621 **E.I. No.** 110000011 **ZIP Code** 78621

## CHECK LIST

HAVE THE FOLLOWING FORMS BEEN ATTACHED TO THE FORM 20S:

- ☐ ALABAMA SCHEDULE K-1 (one for each shareholder)
- ☐ ALABAMA SCHEDULE NRA (if applicable)
- ☐ FEDERAL FORM 1120S (entire form as filed with IRS)
- ☐ FEDERAL FORM 1120S PROFORMA (if applicable)
- ☐ FEDERAL FORM 7004 (if applicable)

**AL8453-C**ALABAMA DEPARTMENT OF REVENUE  
INDIVIDUAL & CORPORATE TAX DIVISION**2006****Corporation/Partnership**  
**Income Tax Declaration for Electronic Filing**

To be filed electronically with the company's tax return. Do not send paper copies.

For calendar year 2006, or tax year beginning 1/1, 2006, ending 12/31, 2006

NAME OF COMPANY <b>Great Atomic Pyrotechnics &amp; Designs, Inc.</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER <b>11-0000006</b>
ADDRESS OF COMPANY <b>36 Any Street</b>	TELEPHONE NUMBER
<b>Boomtown, CA 90062 0000</b>	<b>(202) 555-1212</b>

**PART I** Tax Return Information (*Whole Dollars Only*)

<b>1</b> Alabama taxable income (Form 20C, line 14); or Non Separately Stated Income (Forms 20S/65, line 20) .....	<b>1</b>	<b>69,457</b>
<b>2</b> Total tax liability (Form 20C, line 15c; Form 20S, line 21) .....	<b>2</b>	<b>0</b>
<b>3</b> Total payments and credits (Form 20C, line 16h; Form 20S, line 22c) .....	<b>3</b>	<b>40,245</b>
<b>4</b> Refund (negative number reported on Form 20C, line 18; Form 20S, line 27b) .....	<b>4</b>	<b>0</b>
<b>5</b> Amount you owe (positive number reported on Form 20C, line 18; Form 20S, line 27) ...	<b>5</b>	<b>0</b>
<b>6</b> Amount of payment remitted electronically .....	<b>6</b>	<b>0</b>

**PART II** Declaration of Officer (*Sign only after Part I is completed.*)

Under penalties of perjury, I declare that I am an officer of the above company and that the information I have given my electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) and the amounts in Part I above agree with the amounts on the corresponding lines of the company's 2006 Alabama income tax return. To the best of my knowledge and belief, the company's return is true, correct, and complete. I consent to my ERO, transmitter, and/or ISP sending the company's return, this declaration, and accompanying schedules and statements to the Alabama Department of Revenue. I also consent to the Alabama Department of Revenue sending my ERO, transmitter, and/or ISP an acknowledgment of receipt of transmission and an indication of whether or not the company's return is accepted, and, if rejected, the reason(s) for the rejection.

☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

<b>Sign Here</b>	<b>Carmen Sandiego</b>	<b>01/25/2007</b>	<b>President</b>
	Signature of Officer	Date	Title

**PART III** Declaration of Electronic Return Originator (ERO) and Paid Preparer (*See Instructions*)

I declare that I have reviewed the above company's return and that the entries on Form AL8453-C are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The company's officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the Alabama Department of Revenue, and have followed all other requirements in Pub. 3112, IRS e-file Application and Participation, and Pub. 4163, Modernized e-File Information for Authorized IRS e-file Providers and Pub. 4164 Software Developers and Transmitters Guidelines and Schemas for Alabama Corporation and Partnership Income Tax Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above company's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature <b>Johnny Appleseed</b>	Date <b>01/25/2007</b>	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input checked="" type="checkbox"/>	ERO's SSN or PTIN <b>999060007</b>
	Firm's name (or yours if self-employed), address and ZIP code	<b>Electronic Tax Filers, Inc.</b>			EIN <b>110000011</b>
	<b>100 Efile Drive, Anytown, Tx 78621</b>			Phone No. ( <b>512</b> ) <b>555-1212</b>	

**Under penalties of perjury**, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

<b>Paid Preparer's Use Only</b>	Preparer's signature <b>Johnny Appleseed</b>	Date <b>01/20/2007</b>	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN <b>999060007</b>
	Firm's name (or yours if self-employed), address and ZIP code	<b>Electronic Tax Filers, Inc.</b>		
	<b>100 Efile Drive, Anytown, Tx 78621</b>			EIN <b>110000011</b>
			Phone No. ( <b>512</b> ) <b>555-1212</b>	

**OtherSeparatelyStatedItems.pdf**

This PDF must clearly explain the nature and amounts of the other separately stated items.

For sample purposes this document will represent:

The explanation of the nature and amounts of other separately stated items claimed.

**EmployerEducationCreditFund.pdf**

Employer Education Credit Fund calculations (if applicable)

This pdf should include a copy of the document of approval along with a detailed schedule computing the credit.

For sample purposes this document will represent:

copy of approval document

detailed schedule computing credit



**CoalTaxCredit.pdf**

Coal Tax Credit calculations (if applicable)

This pdf should include a detailed schedule computing the coal tax credit.

For sample purposes this document will represent:

a detailed schedule computing the coal tax credit



## SCHEDULE

**K-1**

(Form 65 and Form 20S)

Owner's/Shareholder's Share of  
Income, Deductions, Credits, etc.**2006**☐ Subchapter K entity

SEE INSTRUCTIONS

☒ Final K-1☒ S corporationTax year beginning 01/01, 2006 and ending 11/30, 2006☐ Amended K-1

PART I Information About the Pass Through Entity		PART III Owner's/Shareholder's Share of Current Year Alabama Income, Deductions, Credit, and Other Items	
<b>A</b>	Entity's Federal Employer Identification Number <b>11-0000006</b>	<b>M</b>	Nonseparately Stated Income Allocated and Apportioned to Alabama <b>69,457.00</b>
<b>B</b>	Entity's name, address, city, state, and ZIP code Great Atomic Pyrotechnics & Designs Inc. 36 Any Street, Boomtown, CA 90062	<b>N</b>	Amount of Guaranteed Payments to Partner to be Reported by the Partner as Alabama Source Income (see instructions)
<b>PART II Information About the Owner/Shareholder</b>			
<b>C</b>	Owner's/Shareholder's identifying number <b>999060005</b>	<b>O</b>	Section 179 Expense <b>17,545.00</b>
<b>D</b>	Owner's/Shareholder's name <b>Issa Salesbury</b>	<b>P</b>	Investment Interest Expense Related to Portfolio Income
<b>E</b>	Owner's/Shareholder's street address <b>49 Any Street</b>	<b>Q</b>	Portfolio Income
<b>F</b>	Owner's/Shareholder's city, state, ZIP code <b>Anytown, AL 361040000</b>	<b>R</b>	Other Expenses Related to Portfolio income – Do not include interest expense
<b>G</b>	<input type="checkbox"/> General partner or LLC member manager <input type="checkbox"/> Limited partner or other LLC member	<b>S</b>	Charitable Contributions
<b>H</b>	What type of entity is this owner/shareholder?	<b>T</b>	Other Separately Stated business Items (attach schedule) <b>306,653.00</b>
<b>I</b>	Owner's/Shareholder's percentage of profit and (loss) sharing <b>100.0000</b>	<b>U</b>	Composite Payment made on behalf of owner/shareholder (see instructions)
<b>J</b>	Check if owner/shareholder is a nonresident <input type="checkbox"/> Nonresident If a nonresident, provide state of legal residence:  If a nonresident, check if an Alabama Schedule NRA, nonresident agreement, has been filed for the owner/shareholder. <input type="checkbox"/> Schedule NRA filed	<b>V</b>	U.S. Income Taxes Paid (see instructions)
		<b>W</b>	Casualty Losses (see instructions)
<b>K</b>	Owner's/Shareholder's basis in entity	<b>X</b>	Withdrawals and Distributions* <b>35,987.00</b>
<b>L</b>	Notes:	<b>Y</b>	Additional Information:
		<b>Z</b>	Oil and Gas Depletion
		<b>AA</b>	Separately Stated Nonbusiness Items (attach schedule)
		<b>AB</b>	Alabama Exempt Income (attach explanation)

A completed Alabama Schedule K-1 for each member in the Subchapter K entity/S corporation must be attached to Form 65/Form 20S.

Form **1120S**Department of the Treasury  
Internal Revenue Service (77)**U.S. Income Tax Return for an S Corporation**▶ **Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation.**▶ **See separate instructions.**

OMB No. 1545-0130

**2006**

For calendar year 2006 or tax year beginning , 2006, ending , 20

<b>A</b> Effective date of S election  <b>01/01/1990</b>	<b>Use IRS label. Otherwise, print or type.</b>	<b>Name</b> <b>GREAT ATOMIC PYROTECHNICS &amp; DESIGNS, INC</b>	<b>C</b> Employer identification number <b>11 : 0000006</b>
<b>B</b> Business activity code number (see instructions)  <b>325100</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>36 ANY STREET</b>	<b>D</b> Date incorporated <b>08/01/2002</b>
		City or town, state, and ZIP code <b>BOOMTOWN, CA 90062</b>	<b>E</b> Total assets (see instructions)  \$ <b>498034</b>

**F** Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return**G** Enter the number of shareholders in the corporation at the end of the tax year . . . . . **2****H** Check if Schedule M-3 is required (attach Schedule M-3) . . . . . ☐**Caution.** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales <b>1124560</b>	<b>b</b> Less returns and allowances	<b>c</b> Bal ▶	<b>1c</b>	<b>1124560</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)			<b>2</b>	<b>669365</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	<b>455195</b>
	<b>4</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>4</b>	<b>5179</b>
	<b>5</b> Other income (loss) (see instructions—attach statement)			<b>5</b>	<b>4860</b>
	<b>6</b> <b>Total income (loss).</b> Add lines 3 through 5. ▶			<b>6</b>	<b>465234</b>
<b>Deductions</b> (see instructions for limitations)	<b>7</b> Compensation of officers			<b>7</b>	<b>34973</b>
	<b>8</b> Salaries and wages (less employment credits)			<b>8</b>	<b>100531</b>
	<b>9</b> Repairs and maintenance			<b>9</b>	
	<b>10</b> Bad debts			<b>10</b>	
	<b>11</b> Rents			<b>11</b>	<b>156855</b>
	<b>12</b> Taxes and licenses			<b>12</b>	<b>13685</b>
	<b>13</b> Interest			<b>13</b>	<b>13220</b>
	<b>14</b> Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			<b>14</b>	<b>18564</b>
	<b>15</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>15</b>	
	<b>16</b> Advertising			<b>16</b>	<b>4093</b>
	<b>17</b> Pension, profit-sharing, etc., plans			<b>17</b>	
	<b>18</b> Employee benefit programs			<b>18</b>	
	<b>19</b> Other deductions (attach statement)			<b>19</b>	<b>53856</b>
	<b>20</b> <b>Total deductions.</b> Add lines 7 through 19. ▶			<b>20</b>	<b>395777</b>
	<b>21</b> <b>Ordinary business income (loss).</b> Subtract line 20 from line 6			<b>21</b>	<b>69457</b>
<b>Tax and Payments</b>	<b>22a</b> Excess net passive income or LIFO recapture tax (see instructions)	<b>22a</b>		<b>22c</b>	
	<b>b</b> Tax from Schedule D (Form 1120S)	<b>22b</b>			
	<b>c</b> Add lines 22a and 22b (see instructions for additional taxes)				
	<b>23a</b> 2006 estimated tax payments and 2005 overpayment credited to 2006	<b>23a</b>		<b>23e</b>	
	<b>b</b> Tax deposited with Form 7004	<b>23b</b>			
	<b>c</b> Credit for federal tax paid on fuels (attach Form 4136)	<b>23c</b>			
	<b>d</b> Credit for federal telephone excise tax paid (attach Form 8913)	<b>23d</b>			
	<b>e</b> Add lines 23a through 23d				
	<b>24</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/>			<b>24</b>	
	<b>25</b> <b>Amount owed.</b> If line 23e is smaller than the total of lines 22c and 24, enter amount owed			<b>25</b>	
	<b>26</b> <b>Overpayment.</b> If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			<b>26</b>	
<b>27</b> Enter amount from line 26 <b>Credited to 2007 estimated tax</b> ▶ <b>Refunded</b> ▶			<b>27</b>		

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Carmen Sandiego**

01/25/2007

**President**

Signature of officer

Date

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ **Yes** ☐ **No****Paid****Preparer's Use Only**

Preparer's signature

**Johnny Appleseed**Date  
01/20/2007Check if self-employed ☒

Preparer's SSN or PTIN

**999-06-0007**

Firm's name (or yours if self-employed), address, and ZIP code

**ELECTRONIC TAX FILERS, INC**  
**100 EFILE DRIVE, ANYTOWN, TX 78621**EIN **11****0000011**Phone no. ( **512** )**555-1212**

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year . . . . .	1		
2	Purchases . . . . .	2	335266	
3	Cost of labor . . . . .	3		
4	Additional section 263A costs (attach statement) . . . . .	4		
5	Other costs (attach statement) . . . . .	5	334099	
6	<b>Total.</b> Add lines 1 through 5 . . . . .	6	669365	
7	Inventory at end of year . . . . .	7		
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 . . . . .	8	669365	

9a Check all methods used for valuing closing inventory: (i) ☐ Cost as described in Regulations section 1.471-3  
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
(iii) ☐ Other (Specify method used and attach explanation.) ▶ \_\_\_\_\_

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) . . . . . ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . . ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . . . **9d** \_\_\_\_\_

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? . . . . . ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? . . . . . ☐ Yes ☒ No  
If "Yes," attach explanation.

**Schedule B Other Information** (see instructions)

	Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input checked="" type="checkbox"/> Other (specify) ▶ <b>HYBRID</b>		
2 See the instructions and enter the: a Business activity ▶ <b>CONSTRUCTION</b> b Product or service ▶ <b>PYROTECHNICS</b>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made? . . . . .		<input checked="" type="checkbox"/>
4 Was the corporation a member of a controlled group subject to the provisions of section 1561? . . . . .		<input checked="" type="checkbox"/>
5 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? . . . . .		
6 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . <input type="checkbox"/> If checked, the corporation may have to file <b>Form 8281</b> , Information Return for Publicly Offered Original Issue Discount Instruments.		
7 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years . . . . . ▶ \$ _____		
8 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
9 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		<input checked="" type="checkbox"/>

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

**Schedule K Shareholders' Pro Rata Share Items**

	Total amount
1 Ordinary business income (loss) (page 1, line 21) . . . . .	1 69457
2 Net rental real estate income (loss) (attach Form 8825) . . . . .	2
3a Other gross rental income (loss) . . . . . <b>3a</b>	
b Expenses from other rental activities (attach statement) . . . . . <b>3b</b>	
c Other net rental income (loss). Subtract line 3b from line 3a . . . . . <b>3c</b>	
4 Interest income . . . . .	4
5 Dividends: a Ordinary dividends . . . . . <b>5a</b>	
b Qualified dividends . . . . . <b>5b</b>	
6 Royalties . . . . .	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) . . . . .	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) . . . . . <b>8a</b>	
b Collectibles (28%) gain (loss) . . . . . <b>8b</b>	
c Unrecaptured section 1250 gain (attach statement) . . . . . <b>8c</b>	
9 Net section 1231 gain (loss) (attach Form 4797) . . . . .	9
10 Other income (loss) (see instructions) . . . . . Type ▶	10

	Shareholders' Pro Rata Share Items (continued)	Total amount	
<b>Deductions</b>	<b>11</b> Section 179 deduction ( <i>attach Form 4562</i> ) . . . . .	<b>11</b>	<b>17545</b>
	<b>12a</b> Contributions . . . . .	<b>12a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>12b</b>	
	<b>c</b> Section 59(e)(2) expenditures <b>(1) Type ▶</b> . . . . . <b>(2) Amount ▶</b>	<b>12c(2)</b>	
	<b>d</b> Other deductions ( <i>see instructions</i> ) . . . . . <b>Type ▶</b>	<b>12d</b>	<b>306653</b>
<b>Credits</b>	<b>13a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>13a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>13b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) ( <i>attach Form 3468</i> ) . . . . .	<b>13c</b>	
	<b>d</b> Other rental real estate credits ( <i>see instructions</i> ) <b>Type ▶</b> . . . . .	<b>13d</b>	
	<b>e</b> Other rental credits ( <i>see instructions</i> ) . . . . . <b>Type ▶</b> . . . . .	<b>13e</b>	
	<b>f</b> Credit for alcohol used as fuel ( <i>attach Form 6478</i> ) . . . . .	<b>13f</b>	
	<b>g</b> Other credits ( <i>see instructions</i> ) . . . . . <b>Type ▶</b>	<b>13g</b>	
<b>Foreign Transactions</b>	<b>14a</b> Name of country or U.S. possession ▶ . . . . .		
	<b>b</b> Gross income from all sources . . . . .	<b>14b</b>	
	<b>c</b> Gross income sourced at shareholder level . . . . .	<b>14c</b>	
	<i>Foreign gross income sourced at corporate level</i>		
	<b>d</b> Passive . . . . .	<b>14d</b>	
	<b>e</b> Listed categories ( <i>attach statement</i> ) . . . . .	<b>14e</b>	
	<b>f</b> General limitation . . . . .	<b>14f</b>	
	<i>Deductions allocated and apportioned at shareholder level</i>		
	<b>g</b> Interest expense . . . . .	<b>14g</b>	
	<b>h</b> Other . . . . .	<b>14h</b>	
	<i>Deductions allocated and apportioned at corporate level to foreign source income</i>		
	<b>i</b> Passive . . . . .	<b>14i</b>	
	<b>j</b> Listed categories ( <i>attach statement</i> ) . . . . .	<b>14j</b>	
	<b>k</b> General limitation . . . . .	<b>14k</b>	
<i>Other information</i>			
<b>l</b> Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	<b>14l</b>		
<b>m</b> Reduction in taxes available for credit ( <i>attach statement</i> ) . . . . .	<b>14m</b>		
<b>n</b> Other foreign tax information ( <i>attach statement</i> ) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>15a</b> Post-1986 depreciation adjustment . . . . .	<b>15a</b>	<b>-354</b>
	<b>b</b> Adjusted gain or loss . . . . .	<b>15b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>15c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>15d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions. . . . .	<b>15e</b>	
	<b>f</b> Other AMT items ( <i>attach statement</i> ) . . . . .	<b>15f</b>	
<b>Items Affecting Shareholder Basis</b>	<b>16a</b> Tax-exempt interest income . . . . .	<b>16a</b>	<b>486</b>
	<b>b</b> Other tax-exempt income . . . . .	<b>16b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>16c</b>	
	<b>d</b> Property distributions . . . . .	<b>16d</b>	<b>35987</b>
	<b>e</b> Repayment of loans from shareholders . . . . .	<b>16e</b>	
<b>Other Information</b>	<b>17a</b> Investment income . . . . .	<b>17a</b>	
	<b>b</b> Investment expenses . . . . .	<b>17b</b>	
	<b>c</b> Dividend distributions paid from accumulated earnings and profits . . . . .	<b>17c</b>	
	<b>d</b> Other items and amounts ( <i>attach statement</i> ) . . . . .		
<b>Reconciliation</b>	<b>18 Income/loss reconciliation.</b> Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	<b>18</b>	<b>51912</b>

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		(a)	(b)	(c)	(d)
<b>1</b>	Cash . . . . .		<b>37504</b>		<b>9214</b>
<b>2a</b>	Trade notes and accounts receivable . . . . .	<b>73320</b>		<b>164008</b>	
<b>b</b>	Less allowance for bad debts . . . . .	( )	<b>73320</b>	( )	<b>164008</b>
<b>3</b>	Inventories . . . . .				
<b>4</b>	U.S. government obligations . . . . .				
<b>5</b>	Tax-exempt securities (see instructions) . . . . .				
<b>6</b>	Other current assets (attach statement) . . . . .				<b>277976</b>
<b>7</b>	Loans to shareholders . . . . .				
<b>8</b>	Mortgage and real estate loans . . . . .				
<b>9</b>	Other investments (attach statement) . . . . .		<b>1000</b>		
<b>10a</b>	Buildings and other depreciable assets . . . . .	<b>69041</b>		<b>69395</b>	
<b>b</b>	Less accumulated depreciation . . . . .	( <b>18478</b> )	<b>50554</b>	( <b>22583</b> )	<b>46812</b>
<b>11a</b>	Depletable assets . . . . .				
<b>b</b>	Less accumulated depletion . . . . .	( )		( )	
<b>12</b>	Land (net of any amortization) . . . . .				
<b>13a</b>	Intangible assets (amortizable only) . . . . .	<b>90</b>		<b>90</b>	
<b>b</b>	Less accumulated amortization . . . . .	( <b>48</b> )	<b>42</b>	( <b>66</b> )	<b>24</b>
<b>14</b>	Other assets (attach statement) . . . . .		<b>913</b>		
<b>15</b>	Total assets . . . . .		<b>166333</b>		<b>498034</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>16</b>	Accounts payable . . . . .		<b>8891</b>		<b>75087</b>
<b>17</b>	Mortgages, notes, bonds payable in less than 1 year . . . . .				
<b>18</b>	Other current liabilities (attach statement) . . . . .		<b>9636</b>		<b>329816</b>
<b>19</b>	Loans from shareholders . . . . .				
<b>20</b>	Mortgages, notes, bonds payable in 1 year or more . . . . .		<b>47999</b>		<b>36971</b>
<b>21</b>	Other liabilities (attach statement) . . . . .				
<b>22</b>	Capital stock . . . . .				
<b>23</b>	Additional paid-in capital . . . . .		<b>1325</b>		<b>1325</b>
<b>24</b>	Retained earnings . . . . .		<b>95482</b>		<b>132835</b>
<b>25</b>	Adjustments to shareholders' equity (attach statement) . . . . .				
<b>26</b>	Less cost of treasury stock . . . . .		( )		( )
<b>27</b>	Total liabilities and shareholders' equity . . . . .		<b>163333</b>		<b>498034</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

<b>1</b>	Net income (loss) per books . . . . .	<b>72754</b>	<b>5</b>	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): . . . . .	<b>2299</b>	<b>a</b>	Tax-exempt interest \$ . . . . .	
<b>3</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		<b>6</b>	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
<b>a</b>	Depreciation \$ . . . . .		<b>a</b>	Depreciation \$ . . . . .	<b>23627</b>
<b>b</b>	Travel and entertainment \$ . . . . .				
		<b>486</b>	<b>7</b>	Add lines 5 and 6 . . . . .	<b>23627</b>
<b>4</b>	Add lines 1 through 3 . . . . .	<b>75539</b>	<b>8</b>	Income (loss) (Schedule K, line 18). Line 4 less line 7	<b>51912</b>

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
<b>1</b>	Balance at beginning of tax year . . . . .	<b>30238</b>	
<b>2</b>	Ordinary income from page 1, line 21 . . . . .	<b>69457</b>	
<b>3</b>	Other additions . . . . .	<b>2800</b>	
<b>4</b>	Loss from page 1, line 21 . . . . .	( )	
<b>5</b>	Other reductions . . . . .	( <b>18031</b> )	
<b>6</b>	Combine lines 1 through 5 . . . . .	<b>84464</b>	
<b>7</b>	Distributions other than dividend distributions . . . . .	<b>35987</b>	
<b>8</b>	Balance at end of tax year. Subtract line 7 from line 6	<b>48477</b>	

